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Chair

Mr. Dan Ruimy

Standing Committee on Industry, Science and Technology

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● (1535)

[*English*]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Good afternoon. How are you all today?

Welcome to meeting 120 of the Standing Committee on Industry, Science and Technology as we continue our legislative review of the Copyright Act.

Today we have with us, from the Canadian Federation of Musicians, Alan Willaert, the AFM vice-president from Canada; from the Guilde des musiciens et musiciennes du Québec, Éric Lefebvre, secretary-treasurer; and from the Canadian Music Publishers Association, Margaret McGuffin, executive director.

Members, before we begin, it appears that on Thursday we're going to have about seven votes. I'd rather not cancel, because we have some really good witnesses on Thursday. Do we have consent to maybe extend that meeting for an extra half hour?

Do you have a flight to catch? All right. We'll see what we can do.

We'll go to Alan Willaert, for up to seven minutes.

Mr. Alan Willaert (Vice-President from Canada (American Federation of Musicians), Canadian Federation of Musicians): Thank you very much.

Yes, I'm Alan Willaert, vice-president from Canada of the American Federation of Musicians of the United States and Canada. We operate in Canada as the Canadian Federation of Musicians. Within Canada we have 17,000 members, but we also represent all musicians under the federal Status of the Artist Act.

I'd like to start with a couple of statistics, which may shock you a little bit, and which will set up my reasons and recommendations.

There are approximately 33,750 professional musicians and singers in Canada with a rate of self-employment many times higher—80%—than the labour force average. Artists have much higher levels of education than the average workforce with 44% having a B.A. or higher, double that of the average overall workforce. The average income of the average workforce is $48,100. The average individual income for musicians and singers is $17,699, but the median individual income for musicians and singers is $11,431. Interestingly as well, the male-female split for singers is fifty-fifty. The highest earnings are in the 45- to 54-year-old demographic, and the number of artists has increased by 50% since 1989.

We should look at a bigger picture as well. With 3.4% of Canada's total GDP, the gross domestic product, and $53.2 billion in revenue, the arts and culture industry in Canada is larger than the accommodation and food services industry, and twice as large as the agriculture, forestry, fishing and hunting industry. More specifically, revenue from live performances is in excess of $2 billion and from sound recording $500 million. With these kinds of staggering profits, then why on earth is the median income for musicians so low? Where is the money if not in the pockets of the musicians?

To alleviate some of the problems, of course we recommend some changes to the Copyright Act. First of all, we recommend that we amend the definition of "sound recording". The current definition of sound recording needs to be amended so that performers can collect royalties when their recorded performances of music on the soundtracks of audio-visual works such as TV programs and movies are broadcast or streamed. Of course, to facilitate that, we recommend the ratification and enactment of the Beijing treaty.

We also recommend the removal of the $1.25-million royalty exemption for commercial broadcasters. Interestingly, when this was first put into place, it was originally supposed to be only applied to mom-and-pop stations with a $1.25-million revenue in advertising, or less. Somehow it got applied as an exemption for the first $1.25 million for all stations. That needs to be revisited, big time.

Also, we recommend expanding the private copying to include new copying technology, and this is a no-brainer, of course. Nobody uses tapes or CD-Rs any longer. It's all about digital. We recommend a reform to the Copyright Board. We recommend the reduction of piracy in the digital world. By that, of course, we mean steeper regulations on Internet service providers, specifically a notice and take down regime as it is in the U.S.

We also urge the government to work with the music community to transition content quotas and MAPL designation from an analog to a digital world so that we can regulate the streaming industry. We need to regulate streaming because this will soon be a $70-billion industry worldwide, and anything produced in Canada, such as Netflix, should be subject to the same collective bargaining processes such as the Status of the Artist Act.

I have one other thing I want to read to you quickly, and this is a letter from one of our members. She is Damhnait Doyle, and she's a musician from Newfoundland. She's quite a popular singer-songwriter, and she has this to say:

> Throughout my 25 years as a long standing and proud member of Local 820 of the Musician's union, I have only seen the standard of living decrease for those of us who have chosen to make this our profession. We are being hammered from every angle, from piracy to streaming, to being at the losing end of exemptions to broadcasters and losing our royalties for our work in film and TV because the definition of "sound recording" [needs to] be redefined, while our American counterparts do get paid for their efforts. Meanwhile, the cost of living is continually rising, and our middle class has been eviscerated.

● (1540)

> I ask you to please seriously consider the issues being presented by the CFM, which will put long overdue and necessary revenue into the pockets of Canadian musical artists, thereby allowing those of us with an inherently creative nature, to successfully pursue our aspirations and talents in this country. If there is no change or increase in revenue streams available to musicians, then the option to be a proud, professional Canadian, musical artist and creator will no longer be a viable one.

Thank you for your time.

The Chair: Thank you very much.

We're now going to move on.

[*Translation*]

Mr. Lefebvre, you have seven minutes.

Mr. Éric Lefebvre (Secretary-Treasurer, Guilde des musiciens et musiciennes du Québec): Good afternoon.

My name is Éric Lefebvre. I am the secretary-treasurer of the Guilde des musiciens et des musiciennes du Québec. I am pleased to appear before you this afternoon. On behalf of the members of our association, thank you for this opportunity to provide you with our comments on the review of the Copyright Act. I am also pleased to take part in this meeting with Alan Willaert, the vice-president from Canada of the American Federation of Musicians, with which we have been affiliated for over a century.

We understand that the Standing Committee on Industry, Science and Technology must review the Copyright Act. It is important to note that the designation of the performers' performances as a copyright category is relatively new. Actually, since September 1, 1997, the Copyright Act provides for certain rights that performers can exercise over their performances. Those rights were improved in November 2012, when new exclusive sound recording rights were introduced.

To that end, we know that the Copyright Act provides for two categories of rights for performers. First, there are the so-called exclusive rights, which mainly deal with the fixation, reproduction, distribution and the making available of the artist's performance in certain situations. Second, there are two rights to remuneration, one for the public communication of marketed sound recordings, also known as equitable remuneration, managed by the music licensing company Re:Sound, and the other for private copying, managed by the Canadian Private Copying Collective. Of all those rights, the equitable remuneration is still now the most significant, having given rise to several Re:Sound tariffs certified by the Copyright Board of Canada.

It should be noted that, in addition to the royalties paid by collective societies, the Guilde negotiates remuneration for the use of musicians' recorded performances under its collective agreements.

The royalties for performers under collective agreements have been negotiated for several decades. The 1997 and 2012 amendments to the Copyright Act changed part of the legal framework, but our concerns have not subsided, as Alan Willaert eloquently illustrated a few minutes ago.

The concerns are simple: musicians are getting poorer every year. We see that the new rights granted to performers do not improve their remuneration. Either the structural changes of the music industry initiated by Google, Amazon, Facebook, Netflix and Apple are ensuring that the middle class of musicians has now become a class of poor artists, leaving a few ultra-rich artists and producers with 95% of the revenues generated by the industry, or the new rights that benefit performers still have no impact because of legislative provisions or regulations being passed that have the opposite effect.

Let us explain. What is the use of the right to remuneration for private copying of sound recordings if the plan applies only to blank CDs, which no one uses for reproduction any more? The Supreme Court has already indicated that the legislation is technologically neutral. Why is there a double standard when it comes to regulatory amendments to benefit artists and creators? It is important to ensure that all reproduction media, such as SIM cards, USB sticks or hard drives, are covered.

Similarly, in 2012, new exclusive making available and distribution rights for performers were introduced to enable the enforcement of the rights on the Internet and on existing media, such as CDs. One wonders what those rights are for, if the money from streaming remains at subsistence level and the responsibility of Internet service providers is still not recognized because of their status as intermediaries.

Finally, what is the point of the new exclusive distribution rights if, as I indicated earlier, the main source of music listening is now streaming? As confirmed by the survey on online consumption of copyrighted content, commissioned by the Canadian government in 2017, in the three months leading up to the November 2017 survey, 11.2 million Internet users streamed music online. Clearly, this reality has an impact on the sale of sound recordings, both in the form of CDs and online downloads, which are still the only ways to obtain remuneration in compliance with the regulations.

It is important to obtain compensation from Internet service providers, which are taking unfair advantage of the situation. Mechanisms must also be put in place to rebalance the forces at play, while no longer using legislation to weaken the rights of rights holders through case law that puts the rights of users and creators on equal footing, as in the case of literary works, or that allows an industry to continue to decline, as in the case of music.

● (1545)

To achieve that objective, we recommend that the government accept the following proposals: amend the Copyright Act so that the private copying levy applies to all media used to reproduce a recording; amend the Copyright Act so that the private copying levy applies to all reproduction devices and sound recordings; and finally, make Internet service providers liable, from a more technical point of view, by eliminating the exemption they enjoy under section 31.1 of the Copyright Act.

We also support our federation's recommendations on amending the definition of sound recording, which must allow for royalty payments when a sound recording is incorporated into an audiovisual production, or on an exemption that currently benefits broadcasters in the case of neighbouring rights.

We often hear people say that copyright is extremely complex. In fact, it has become complex because of the amendments made to the legislation over the past several years, diluting the effectiveness of those rights. Among other things, too many exceptions are now in effect.

[*English*]

The Chair: Thank you very much.

We're going to move to Ms. McGuffin.

You have up to seven minutes. Go ahead, please.

Ms. Margaret McGuffin (Executive Director, Canadian Music Publishers Association): Thank you.

I would like to thank you for giving me this opportunity to make this presentation. I would like to begin by telling you briefly about us, about Canadian music publishers, and the role that international trade plays in ensuring Canadian songs are heard around the world.

While some musicians record their own songs, there are many who do not. Instead they either co-write their tracks with other songwriters or perform songs written by other songwriters. Additionally, there are also many composers who create the soundtracks of your favourite movies and television shows. You don't know their names, but they are a very important part of the creative economy in Canada and around the world.

Our association represents large companies such as ole, music publishers, and entrepreneurs who run small or medium-sized businesses, like Jennifer Mitchell at Red Brick and Vince Degiorgio at CYMBA Music. These companies all represent and invest in thousands of Canadian songs, songwriters, and composers who are heard daily on the radio, on streaming services, in video games, and in film and television productions around the world. Each are holders of copyright and this discussion goes straight to the heart of their creative and their business efforts.

The music industry revenue is increasingly built around streaming and digital platforms. The technology around the distribution of music has changed dramatically over the past 10 years, but my members are changing too. We recently released a new report called "Export Ready, Export Critical", which examined the importance of export to our members.

Music publishers are innovators and their strong export strategies have allowed these entrepreneurs to compete internationally with two-thirds of their revenue now coming from foreign sources. This is a dramatic change from 2005 when only 28% was from these same foreign sources. The key to dealing with changes in technology has been my members' ability to expand globally.

In order to continue to be globally competitive, songwriters and music publishers require a functioning marketplace in Canada in order to innovate. In the music publishing world, our members continue to deal with quickly changing models where royalties from new digital models have not yet replaced traditional royalties from physical sales and downloads.

While detractors point out that streaming revenues are increasing by double digits, they fail to mention that royalties do not match previous sales levels. Unfortunately, music publishers and songwriters suffer further when the Canadian Copyright Act includes safe harbours, exceptions, and barriers to enforcing their rights in this new digital world and when we have a Copyright Board that takes years to respond to these changes.

Music publishing is about championing a songwriter and a song through the lifetime of their career and that song's copyright. Our members take a long-term perspective and work a lot behind the scenes to create value. The most valuable songs can be covered over and over again by different artists and continue to be heard in audiovisual productions long after that first recording. This is known as a sync.

The strongest and most stable publishers are those who own a balanced portfolio of songs including older catalogues and newer creations. The revenues from those tried and true songs allow a music publisher to take a risk to invest in an emerging songwriter.

For example, Jennifer Mitchell of Red Brick Songs is a publisher member with both a large foreign catalogue that she administers and sub-publishes for foreign partners in addition to a Canadian one that includes the songs from emerging and established Canadian songwriters. In Canada she represents Dan Davidson from St. Albert, Alberta; Charlotte Cardin from Montreal; Jeen O'Brien from Stratford, Ontario; and the members of Said the Whale from Vancouver.

One or two songs in a catalogue can make a huge difference to the viability of a music publisher and the Canadian songwriters they choose to invest in. A number of Red Brick's titles will come into the public domain soon because Canada's copyright legislation is not in line with international standards. Day to day these individual songs may not generate much money. However, holding on to this copyright over an extra 20 years could translate into hundreds of thousands of dollars if a good sync deal is in place.

That is why it is so critical to align with Canada's global trading partners and extend the term of copyright to life plus 70 years.

● (1550)

It is truly insincere for our critics to claim that Canadians need more works in the public domain. There are many songs already in the public domain. There are many that can be licensed on a moderate or free basis, and there is only a very rare instance where songs will be used in new digital productions and not released beyond Canada's borders where a licence will be needed.

Additionally, it is important that Parliament not introduce new exceptions that play havoc with the lives of these small businesses. We ask that you amend the exceptions introduced in 2012 for backup copies and technological processes. We also ask that you amend the section on network services to address the value gap, by treating Internet intermediaries as more than "dumb pipes" and make them liable for infringing activities in certain circumstances.

As well, we ask that, through a combination of legislative and regulatory change, you improve the efficiency of the Copyright Board's processes and timelines, and the predictability of its decisions. We know this already is seen as a priority and may take advance action before the rest of the copyright changes. We support that and appreciate the work that is being done on this. Finally, we support our colleagues here to make the private copying regime technologically neutral.

Thank you.

● (1555)

The Chair: Thank you very much.

We're going to jump right into questions, starting off with Mr. Longfield.

You have seven minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Mr. Chair, and thank you all for your presentations this afternoon.

I had a meeting earlier this year with Miranda Mulholland, one of Guelph's local artists who is internationally published. She was talking to me about the safe harbour laws from 1997 and then the changes that have happened since 1998, resulting in a 20-year decline in revenues.

One of the suggestions she made was to look at having a third party review of exemptions. Whether that's something that's practical within the scope of this study for us to look at, looking at the exemptions the creators are faced with.... This is similar to the previous part of the study, where we looked at publishers making more money and artists making less money because of exemptions.

Could one or all of you talk about how we might do a review of exemptions, and whether that's something your organizations would support?

Ms. Margaret McGuffin: I think I'd probably see it as a responsibility of this committee to move ahead with this. We have all collectively—publishers, labels, artists, and songwriters—worked together to come up with common recommendations. We spent 18 months doing that, so we have a lot of information you're going to be hearing over the next few weeks about those exceptions.

My warning is that exceptions look very minor. To a certain degree, as somebody told me, it's "death by a thousand cuts". There was a lot of uncertainty around the exceptions the last time. In 2012, we had a non-functioning Copyright Board that led to decisions not being released for three and a half years, and then those decisions were appealed. At that point, for my members and for the songwriters they support, there was money being held back during a time when the digital economy was completely changing. My warning on exceptions is to look at them carefully, review the ones from 2012, and please make sure you're not leaving a situation where there's uncertainty for songwriters and small businesses.

Mr. Lloyd Longfield: Is there anything to add from either side?

Mr. Willaert.

Mr. Alan Willaert: In answer to your question, we would be very willing to work with the committee to look at these exceptions and to help you go through what is relevant and what isn't, and what should be there and what shouldn't. We certainly have the ability to poll our thousands of members to find out what affects them the most.

Mr. Lloyd Longfield: As a committee, we wouldn't be dealing with that directly. There's a governance body that would have to....

Is there one that exists that could look at that, or is there one that needs to be created? I'm going to guess that when it gets to that level of technical...members of Parliament wouldn't be qualified, for the most part.

Ms. Margaret McGuffin: I think this is something we could help you with. I'm not sure a third party committee is needed. As I said, we have already pulled multiple groups together to carefully outline that. We can also come back with suggested language and recommendations on that.

Mr. Lloyd Longfield: Any recommendations you can give us for our study we'll be putting forward to the different ministries within government that will be looking at our report.

You mentioned also the "Export Ready, Export Critical" report. If that could be sent to us through the clerk, that would be very helpful. We're looking at small businesses. We've looked at small businesses in other studies and at similar challenges in manufacturing in terms of keeping money in Canada and making sure our intellectual property is protected. I think there are likely some similar themes. Does that report look at intellectual property or copyright?

Ms. Margaret McGuffin: It does, in an indirect way, but it outlines exactly what independent music publishers are doing, the fact that they are small businesses, and that they have to complete globally. In the case of music publishers, it is a very competitive international market, so we want to be able to make sure that Canadians put their best foot forward as they compete internationally.

Mr. Lloyd Longfield: I was personally very proud of the work this committee did on the intellectual property study and of what came from that: the recommendations to the government, and actually getting budget line items in last year's budget around creating an intellectual property regime with a review, with a flow of money, and with people who could help to translate for the creators of intellectual property how they can come to market and how they can protect their ideas.

Is there a liaison service for copyright for musicians? Is there a lack of knowledge, or are they quite knowledgeable? Is that something that we need to look at for this type of a study as well: to have liaison people to help artists protect themselves from losing their revenues to publishers and to other leakage points?

● (1600)

Mr. Alan Willaert: I certainly think that is an excellent idea. Since 1997, with the bringing about of neighbouring rights in this country, we've seen all kinds of independent agencies pop up as well that purport to represent musicians. They are middlemen and take a large portion of the money, and then very little trickles down to the artist. There are all kinds of caveats and pitfalls that have to be exposed so that these musicians get what they're entitled to.

Mr. Lloyd Longfield: Great. That could be a solid recommendation from you as well.

Ms. Margaret McGuffin: I think funding is another. There are very strong organizations that don't have the funding to provide that sort of training. The Songwriters Association and the Screen Composers Guild of Canada would be good sources that already are in touch with those people, and could often help in advising younger members as they're entering the field for the first time. We've also completed a report with WorkInCulture where we look at the need for training to onboard new employees. Not many people graduate with an understanding of music publishing, so we know that we want to be rolling that out. There are many people who have managers or labels, and who don't understand that they're not fully monetizing their music publishing, so we're looking at steps to offer training in those cases, as they do in the U.K.

Mr. Lloyd Longfield: Mr. Lefebvre—

The Chair: Thank you.

Mr. Lloyd Longfield: Oh, darn.

The Chair: We'll come back to you.

[*Translation*]

Mr. Bernier, you have seven minutes.

Hon. Maxime Bernier (Beauce, CPC): Thank you, Mr. Chair.

Before I ask my questions, I would like to give verbal notice of a motion. I would like it to be studied by the committee, and it reads as follows:

> That the Standing Committee on Industry, Science and Technology formally recommend the Standing Committee of Finance to undertake a study of four (4) meetings to review, among other things: the cost of buying and expanding the Trans Mountain Pipeline project, the costs related to oversight (crown corporation) of the project, and how this decision will impact investor confidence in Canadian resource projects and; that the Committee reports the findings back to the House and make recommendations on how to restore investor confidence.

Thank you, Mr. Chair.

The Chair: Thank you for this notice of motion.

Hon. Maxime Bernier: I will now continue with the questions I want to ask the witnesses. I will start with Mr. Lefebvre.

In terms of copyright for musical works, the representatives from Music Canada who appeared before the Standing Committee on Canadian Heritage said that the term of copyright for musical works should be extended by 20 years, for a total of life plus 70 years.

Do you agree with that suggestion?

Mr. Éric Lefebvre: Yes, absolutely.

Hon. Maxime Bernier: What would the impact of this change be on the members of your organization?

Mr. Éric Lefebvre: The Guilde des musiciens et des musiciennes du Québec represents performers who are not directly affected by this measure. We do not represent songwriters strictly speaking, but these songwriters belong to companies and associations with which we work closely.

That said, we fully agree on the possibility of extending the term of copyright to more than 50 years. This is already the case in a number of countries, such as France and the United States, and it would allow for protection that would facilitate remuneration over a longer period. This would especially benefit songwriters whose musical works are exploited over a long period of time.

Hon. Maxime Bernier: Okay.

Earlier, we talked about salaries, the income that performers, musicians and singers receive. We were told that their average income had decreased from $19,794 in 2010 to about $19,042 in 2015.

How do you explain this drop in income for musicians and singers, despite the increase in income for music producers?

We see that they are on the losing end. How can you explain that?

● (1605)

Mr. Éric Lefebvre: Can you repeat those figures? I misunderstood.

Hon. Maxime Bernier: For musicians and singers, the average income decreased from $19,794 in 2010 to $19,042 in 2015. So it's a very low income.

Mr. Éric Lefebvre: Yes, absolutely.

Hon. Maxime Bernier: It's an average income. How do you explain that gap?

Mr. Éric Lefebvre: It depends on a number of factors.

First, contracts signed between performers, musicians and, let's say, sound recording producers may, in some cases, stabilize the remuneration. What we see every day in our collective agreements is that it is becoming increasingly difficult to get either adequate remuneration for musicians or rights associated with the use of a recorded performance.

Let me give you an example. A television program is produced. A few years ago—my colleague Alan Willaert could also speak to this—the remuneration from the subsequent broadcast of a television program was much higher. Now for example, we have Netflix competing with Canadian broadcasters or television producers. This puts increasing pressure on broadcasters, who are asking producers to provide the service with what is called a "greater package of rights".

Subsequently, the producer of a television program transfers the burden to the artists, including the musicians. For example, instead of paying $500 for the use of a program over a certain number of years, they pay $100. So there is a downward pressure directly related, basically, to the current digital environment of the music industry.

[*English*]

Hon. Maxime Bernier: Mr. Willaert, do you agree with that?

Mr. Alan Willaert: Yes, I do and I have a couple of things to add.

First, the entire model has changed over the years. Years ago when an artist created a recording or signed a record deal with a label, they would be getting a portion of the sales, and they would go out and tour to support the interest in that particular album, and they'd be making money from the tickets sales, of course, but the whole idea of touring was to sell more CDs or more vinyl. If it was a hit, it would be a lucrative way of earning money.

Now, of course, it's upside down. The artist is not making nearly as much money, and CD sales are in the tank. It's all about streaming, and they're getting a fraction of a penny per million streams, and they're told, "Okay, you have to go out and tour" but the way to make money is to sell some T-shirts and some CDs while you're on the road. It's no longer about paying for the music. It's now about the paraphernalia that goes with it.

Also, to what my colleague was talking about concerning broadcast, one of the things we see as well is, when there is a production of a movie or a television show, and a composer is hired in this country, many times now we see the scoring done overseas. The musicians in Prague will be utilized rather than Canadian musicians. That's unconscionable, but it's another reason the revenue streams for our musicians keep going down, because so much of it is being outsourced overseas.

Hon. Maxime Bernier: Do you have a recommendation or something we can do in the work that we're doing right now as a committee, or it's more pre-market—

Mr. Alan Willaert: This last one is a very simple change in that the Income Tax Act needs to be changed slightly to change the CAVCO qualifications so that when they apply for a tax credit—and they get one point for having a Canadian composer—it should be a Canadian composer and also musicians; otherwise, it doesn't qualify as a point. You'll see much more of the recording done here in this country.

Hon. Maxime Bernier: Thank you very much.

The Chair: Thank you.

[*Translation*]

Ms. Sansoucy, you have seven minutes.

Ms. Brigitte Sansoucy (Saint-Hyacinthe—Bagot, NDP): Thank you very much, Mr. Chair.

The Chair: Thank you for being here.

Ms. Brigitte Sansoucy: It's truly a great opportunity for me to be here this afternoon.

Last month, I was contacted by an author from Saint-Hyacinthe, a town in the riding I represent. I realize that the reality of creators and authors is similar to that of musicians. Let me read you an excerpt from his letter, which is eloquent, like the one you read, Mr. Willaert.

The 2012 changes to the Copyright Act, he says, "served as a framework for the legalized stripping of artists and writers."

He goes on:

> Saint-Hyacinthe has a long cultural tradition. The town's CEGEP is a focal point for future authors [and actors], since it is home to one of the best theatre schools in the province. This measure particularly hurts regional writers [it could be the same for musicians] since the opportunities to make their art profitable are often fewer than in larger centres. This income of which they are deprived leaves less money in their pockets, affecting their families, their ability to thrive in our area and their participation in our local economy.
>
> On my behalf and in solidarity with all creators across the country, I invite you to make your voice heard...in the process of reviewing the Act [it is interesting that I have the opportunity to do so this afternoon], by supporting amendments that will make the Copyright Act fair and equitable to Canadian artists and creators who are at the heart of our culture.

He is an author, but we also have many artists from the music industry and incredible venues in a small community such as ours.

I am thinking of the Zaricot, for example. The Zaricot in Saint-Hyacinthe is a small venue that you may know and that animates our cultural life with diverse programming, both with emerging local artists and with those with a wider audience, who are probably members of your organization.

This small venue stands out because it is still going. Recently, several venues like that—I am thinking of Montreal's Divan Orange—have closed their doors. For us, animating the cultural life of our small communities is important. These venues must remain open, and artists must be able to live from performing in those venues. For 15 years now, the Zaricot has been truly creative and active in bringing music to life in Saint-Hyacinthe.

We often think of the large-scale shows in major centres, such as the Bell Centre, but the reality of our Quebec artists—as you rightly said—is long tours, with a lot of mileage, travelling around Quebec and performing in small venues in the regions, such as the Zaricot. If they are lucky, the artists go to the Centre des arts Juliette-Lassonde, a medium-sized venue in our area. For those artists who struggle to sell their music because of distribution platforms, such as Spotify, shows and merchandise sold locally are now essentially their only source of revenue, as you said.

So I agree with the author who wrote to me: we need a copyright law that is fair and equitable to artists. To do so, it is important to tax giants such as Spotify. Royalties must be collected. Everyone in our cultural ecosystem, from cable companies to technicians' unions, artists and writers, is also calling for this measure. You have demonstrated that well.

Online broadcasters, unlike our broadcasters such as Musique-Plus, have no obligation to showcase domestic content, and I'm concerned about that. Our culture is experiencing unfair competition from those web giants in all aspects, web, music, authors, and so on.

Mr. Lefebvre, you mentioned the various recommendations you are proposing. As you said yourself, the act has become complex. I would like to hear more from you about each of those different recommendations, in order to enlighten us on how we can support what I just mentioned, namely the development of culture in a rural riding such as mine.

● (1610)

Mr. Éric Lefebvre: In fact, the Copyright Act is an act...

Musicians who produce shows are often songwriters, but when they are performers, the remuneration comes directly from a fee paid by the producer. If the musicians make records, do we still call them records, I don't know—

Ms. Brigitte Sansoucy: That's what I call them at least.

Mr. Éric Lefebvre: If they produce a sound recording of a musical work, that sound recording could theoretically generate royalties that will allow the performer or musician to continue their career. This income is essential so that the musician can continue to perform in small venues.

Right now, sound recording generates some royalties under the equitable remuneration regime, but it practically no longer generates any under the private copying regime.

The private copying regime applies to compact discs, and the good old audio cassette, but it no longer generates royalties, because a regulation has been added to the Copyright Act. That regulation means that the definition of "audio recording medium" in the act excludes Micro SD memory cards, among others. This means that new media that could generate royalties for performers are no longer applicable.

Private copying in itself favours three categories of rights holders: authors, performers and producers. So the whole music industry is covered by this regime. The private copying regime applies only to blank CDs, which are now unusable. When I say "unusable", I mean that they are no longer used for reproduction.

Limiting the audio recording media on which a levy could be applied reduces a large portion of revenue. I can give you a number. I'm not sure whether representatives from the Canadian Private Copying Collective appeared before the committee, but I can say that they have seen their revenues drop by 89%, which is a huge percentage. That was a sum of money that the collectives paid to performers. This meant that, at the end of the year, after putting on concerts, selling t-shirts, producing albums, and recording television shows to boost the sale of the albums, among other things, so when the whole ecosystem was operational, the performer generated enough money to live on.

Right now, I can compare the Copyright Act to Gruyère cheese. It is only one of the intellectual property laws currently in force in Canada. There is the Trade-marks Act, the Patent Act and the Industrial Design Act. All those acts mean that Canada should, in principle, be fertile ground for innovation.

Today, the Copyright Act is like the poor cousin or ugly duckling. The Trade-marks Act is relatively robust. If tomorrow morning a university decided to open a hamburger restaurant called McDonald's, there would be a good chance that McDonald's would intervene, because that would be a violation of its trademark.

So why is it possible for a university, under the fair dealing exception for educational purposes under the Copyright Act, to reproduce literary works or musical works? It's because the legislation contains exceptions, and that's why I'm talking about the Copyright Act as a coherent whole. Right now, it is approximately 160 pages long, while the one on trade-marks is 80 pages long. This piece of legislation is complex and cumbersome, containing a number of exceptions. If Canada really wants to be a breeding ground for innovation, it must ensure that all intellectual property laws are effective for all creators, not only for companies like McDonald's, which can benefit from the Trade-marks Act—

● (1615)

The Chair: I'm sorry to interrupt, but your time is up.

Thank you very much.

Mr. Baylis, you have seven minutes.

[*English*]

Mr. Frank Baylis (Pierrefonds—Dollard, Lib.): Thank you, Chair.

Mr. Willaert, you talk about the broadcast stations that have a $1.25-million exemption. I'd like to explore that a bit. This was put in to help—as you said—the mom-and-pops. Would you like to see it removed, or would you like to see it stay for the mom-and-pops and just not apply...? How would you like us to deal with that exemption?

Mr. Alan Willaert: The $1.25 million on stations that don't have that kind of revenue is fine. That's not the issue. It's the larger stations, of course, that have much more revenue than that, and they're getting away with this $1.25 million. Taking that away would not hurt these large stations at all. That would not be an issue.

Mr. Frank Baylis: A lot of these small stations were bought up, and they've been amalgamated. Would you like us to say that if you're a small, stand-alone station and you make less than *x* amount of dollars, you don't get the...? What exactly would you like to see happen?

Mr. Alan Willaert: Personally, and this is my particular view, I would like to see it put into place the way it was originally intended, where anybody with less than $1.25 million in advertising revenue was exempted from the tariff.

Mr. Frank Baylis: If you have less than $1.25 million, you're exempted, but if you're part of a big corporation.... Because what they've done is bought them all up and they apply it for each little one.

● (1620)

Mr. Alan Willaert: That's correct, but you still have college radio, for instance.

Mr. Frank Baylis: You want to make sure that it doesn't apply to them.

Mr. Alan Willaert: That's correct.

Mr. Frank Baylis: Okay.

Just so I understand, I'll summarize. You'd like to see the exemption stay for the small college radios, and things like that, but where these have been amalgamated and it's a big corporation with a number of small stations or medium-sized stations across, they don't need that exemption.

Mr. Alan Willaert: That's correct, yes.

Mr. Frank Baylis: And the exemption is for the first bit of money. They still pay, so it's just that first carve-out. They should pay from dollar one.

Mr. Alan Willaert: Yes.

Mr. Frank Baylis: Okay.

You mentioned something about notice and take down, and that it is something in the United States. Can you elaborate on that?

Mr. Alan Willaert: Yes. Canada's Copyright Act, of course, has the notice and notice. With streaming now being able to be hacked and recorded and downloaded with software, it's more important than ever to be able to identify those perpetrators who are infringing on copyright. The way to really stop that is the notice and take down system where we could just stop that.

Mr. Frank Baylis: The notice and take down, is that from the United States?

Mr. Alan Willaert: It's within their copyright act, yes.

Mr. Frank Baylis: Can you explain to us how that works?

Mr. Alan Willaert: Essentially, if infringement is identified, then a notice is given to stop this, and if it continues, then their access is shut down.

Mr. Frank Baylis: They're shut down by whom?

Mr. Alan Willaert: By the Internet provider.

Mr. Frank Baylis: If a notice has been given to an infringing party and they don't act, then the Internet provider is given a notice that it has to shut them down. Is that it?

Mr. Alan Willaert: Yes, correct.

Mr. Frank Baylis: What happens in Canada?

Mr. Alan Willaert: Right now it's just continually notice after notice after notice. There is no final solution, if you will.

Mr. Frank Baylis: So you'd like to see that....

You have something to add, Ms. McGuffin?

Ms. Margaret McGuffin: My colleagues in the U.S. are also concerned, though, about notice and notice. It's notice and take down in the U.S., but it hasn't been effective and has given safe harbour to.... It's a game of whack-a-mole, so even if there is a take down it's not the strong enough remedy that you need to actually get bad players to come to the table to negotiate and pay royalties.

Mr. Frank Baylis: So the notice and take down in the United States is not working.

Ms. Margaret McGuffin: No, it is not working, and there is a review ongoing on that and looking at alternatives.

Mr. Frank Baylis: What would those alternatives be?

Ms. Margaret McGuffin: I don't have them with me, but I could provide you with more information in my submission.

Mr. Frank Baylis: Yes. It is like what they call whack-a-mole. These guys go here and they get taken down, and they go there and they get taken down. But at least it's more than what we have right now in Canada, which is nothing. We just keep doing endless notices.

Ms. Margaret McGuffin: Yes, so the good players like Spotify and Apple come to the table and they negotiate. We have the fall ack of the Copyright Board and hopefully when we have a smoothly operating Copyright Board you could go there if there were a problem.

We're looking at the players on Torrent sites and stream-ripping and services that are out of Canada that have refused to come to the table on licence.

Mr. Frank Baylis: Okay.

[*Translation*]

Mr. Lefebvre, you raised an interesting point. You mentioned Google, Amazon, Facebook, the web giants. What is your particular view on this? Is it the fact that those companies are not paying their share? Could you explain some more?

Mr. Éric Lefebvre: Web giants take advantage of a system that does not hold them accountable, although Spotify pays money to collectives for the use of directories. What I mean is that the amounts of money paid to all the rights holders are minimal. It is said that the revenues from streaming are meagre, and that is really what is happening. The amounts paid are truly minimal.

Mr. Frank Baylis: YouTube, for example, pays very small amounts, as you said. Would you like the Copyright Board of Canada to set a certain percentage for authors? What solution are you proposing?

Mr. Éric Lefebvre: It is difficult for me to speak for the Copyright Board. However, I would point out that it has full discretion to set tariffs in certain situations provided for in the act.

[*English*]

Mr. Frank Baylis: Ms. McGuffin, you had something about the Copyright Board being too slow. Is this a solution to have certain minimums for streaming or for YouTube videos, things like that?

Ms. Margaret McGuffin: Those things have already been discussed for music publishers and songwriters in the online hearing, and you'll be having people from CIMA and SOCAN appear who can answer more questions about that. The problem with the Copyright Board right now is that it's taking them three and a half to four years to render decisions. They're releasing decisions that have no relevance to the current market because new entities have entered, and the ones who were at the hearing don't exist anymore.

We're pleased to see the investment in case management that was announced as part of the IP strategy. That's important. We took part in the consultation last September. There were 60 submissions, and I understand from both sides of the table at the Copyright Board, there were some very common themes. We're looking forward to action on those themes.

● (1625)

The Chair: Thank you very much.

We're going to move on. I'm sure we can get back to you.

Mr. Jeneroux, you have five minutes.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): That's perfect. Thank you, Mr. Chair.

Thank you for being here.

I'm tempted to ask Mr. Lefebvre why you chose Gruyère cheese of all the cheeses to decide the Copyright Act. I will leave that. Maybe you can work that into some of your answers as we go.

I wanted to clarify if we can with a simple yes or no, Mr. Willaert. Are you for notice and take down?

Mr. Alan Willaert: Yes, as a stopgap until something better is achieved.

Mr. Matt Jeneroux: Ms. McGuffin, do you have the same answer?

Ms. Margaret McGuffin: We don't support it in the way that it's applied in the U.S., and we'll provide more details in our submission.

Mr. Matt Jeneroux: Mr. Lefebvre.

[*Translation*]

Mr. Éric Lefebvre: I agree with Ms. McGuffin.

[*English*]

Mr. Matt Jeneroux: Okay.

We've heard quite the opposite with some of the other presenters up to this point on notice and notice. I'm hoping that your submission, Ms. McGuffin, clarifies and addresses some of the things that were raised previously as well.

Help us understand this a little. When a song is played on the radio, what share of the resulting compensation goes to the songwriter, the record-maker, the music publisher, and all other parties involved in the value chain?

Mr. Alan Willaert: Two different collectives are involved. You have SOCAN, which looks after the composer and the lyricist and the publisher. Then you have neighbouring rights, which is a royalty paid out to the musicians and the label, so different collectives, different tariffs.

Mr. Matt Jeneroux: That would be for when a song is on the radio.

Mr. Alan Willaert: Yes.

Mr. Matt Jeneroux: When a song is on Apple and Spotify, how does that differ?

Mr. Alan Willaert: That's one of the problems. If you have a streaming hit, let's say in the United States, and it gets 100 million streams worldwide, that could generate between $130,000 and $220,000 for the label and the artist. But when Canada's Copyright Board addressed tariff no. 8, they established a rate that is 10% of that in the United States. If a Canadian artist, for instance, were miraculously to have 100 million streams, they would manage to make $10,200.

Mr. Matt Jeneroux: Ms. McGuffin.

Ms. Margaret McGuffin: If you're looking at online streaming services, on average, the services are paying between 12% and 15% for the performance, which is collected by SOCAN, and the mechanical, which is collected by SODRAC and CMRRA. That is paid to the songwriter and to the publisher.

Mr. Matt Jeneroux: I forget the example you used, but for the one million uses, is that initial amount split in half between the two?

Ms. Margaret McGuffin: It is routine in English Canada that 75% goes to the songwriter and 25% goes to the publisher.

Mr. Matt Jeneroux: Okay.

The record-maker, is that...?

Ms. Margaret McGuffin: That is a separate side and I'm not an expert in that. You're best to talk to CIMA or to Music Canada about that.

Mr. Matt Jeneroux: Okay.

You're not an expert on that either, Mr. Willaert, I assume.

Mr. Alan Willaert: No. However, there are some anomalies out there that create havoc for our musicians. for instance, Spotify, as 20% of it is owned by the labels, one issue for musicians is that, when Spotify approaches one of the major labels and acquires access to the catalogue, there's a several million dollar fee for that access and then, of course, there's a per stream fee as well. In that huge amount of money that is paid for catalogue access, the musicians see none of that at all—zero.

● (1630)

Mr. Matt Jeneroux: I'm sorry to cut you off. I think you can probably get to some more of that. I just want to quickly get another question in here.

Regarding the YouTube exception that was put in place, part of that was to address the streaming and the popularity of it. They've now opened up a YouTube Music or YouTube "Remix", whatever it's being called, here. It isn't yet available in Canada. Does that help address some of your concerns with the YouTube exception?

Mr. Alan Willaert: I'm not as familiar with that as I should be, so I'll pass on that.

Mr. Matt Jeneroux: Anybody—?

Ms. Margaret McGuffin: On the publisher-songwriter side, that new service is being licensed in a way similar to Apple or Spotify. YouTube is not being licensed that way.

Mr. Matt Jeneroux: Thank you.

The Chair: Thank you very much.

We're going to move to Ms. Ng. You have five minutes, please.

Ms. Mary Ng (Markham—Thornhill, Lib.): Thank you, Mr. Chair. Thank you, everybody, for coming today.

You're at the beginning of this new segment for us on the music and the music publishing side. We've spent some time in the education sector, so this is a great opportunity to begin that. Forgive me if my questions are a bit preliminary. I want to begin by understanding the issues. On the education side and on the book publishing side, we've heard a lot about what, perhaps on this side, is called a value gap. There's an issue with respect to those who are the creators and the generators of the content and then there are those who have a responsibility or who put it out to consumers and so forth. There's a disparity there and, as I understand it, there's a disparity here as well.

I'm trying to understand a bit about how that disparity exists. In all of your testimonies, you have said that musicians' incomes have decreased. It would be good to begin to understand a bit about the cause and how and what the Copyright Act might be able to do to not only address that but to look at content creators in the future. Therefore, in the act, what is it that we would need to do to support that?

With respect to the value gap, talk to us about where it is and help us understand that disparity. Maybe I'll go from left to right, please.

Mr. Alan Willaert: As I stated earlier, much of the value gap exists because of the loss of CD sales, and now, with the movement over to streaming and things that are not fully regulated and not fully monetized within our laws.

Of course, the other issue is that, years ago, an artist was signed to a label and there would be an A and R person who would groom these musicians and put out a product that was certainly sellable. They would make hits. It was a hit-making process. Now, with the Internet—and I'm not saying that this is a bad thing—artists no longer need the labels. They can go out and cheaply make these recordings, in their basements or in their garages, with very inexpensive equipment, and get their product out there on the Internet, but it's lost within this plethora of music out there. The advent of independence has also caused a lot of product to be out there, and therefore, less money to be divided among those who are making the product.

Ms. Mary Ng: Ms. McGuffin.

Ms. Margaret McGuffin: In terms of the recommendations we are talking about today, this is a change in times. It's a change in technology, so part of the falling revenues are around changes in where the revenue is coming from.

One of the things the private copying levy allowed, when it was fully in force with $38 million a year, was a stream of revenue that was there in addition to the traditional sales revenues and now the streaming revenues. We fully support the implementation of that in a technology-neutral way so that we can continue to collect on that, on new devices. That would be of assistance to all sectors.

Additionally, when you don't have a functioning Copyright Board to fall back on, and people won't come to the table and negotiate in a way that is sincere, where you need someone to facilitate that negotiation.... If we had had a Copyright Board, that might have helped along the way. We urge Copyright Board reform so that when negotiations cannot productively continue, there's a way to look at what the rate should be—a Copyright Board that is responsible and looks at both sides and the evidence they're providing.

Also, we know there is still stream-ripping. We know there are foreign players who won't come to the table—not the names you know, the named services—but there is a problem and we need remedies and statutory damages that will allow us to enforce our rights when players won't come in and negotiate.

● (1635)

Ms. Mary Ng: Monsieur Lefebvre.

[*Translation*]

Mr. Éric Lefebvre: I can explain it perhaps in a somewhat simplistic way.

Twenty-five or 30 years ago, when a sound recording producer decided to release an album, they recorded it in a studio. Then they found a record company to market it. Then a distributor would supply thousands of music stores that sold records and albums. Since then, those thousands of music stores that sold albums have all disappeared.

What happened? Albums went digital. The digital album ended up with one online distributor and only a few platforms on which to play the sound recording. So we went from a thousand retailers selling a physical album to just a few digital distributors doing business with three or four platforms that control the market. We are faced with a sort of oligopoly—it is not a monopoly, but almost—that controls the business model and prices.

A digital album sells for $10 on iTunes, while a physical album sold for $25 in a music store at the time. You see the difference. We end up with a model where the number of players is reduced to a few—earlier, I mentioned Google, Amazon, Facebook and Netflix—who control the entire business model of the market, who control prices and who impose the business model.

The Chair: Thank you very much.

[*English*]

Mr. Lloyd, you have five minutes.

Mr. Dane Lloyd (Sturgeon River—Parkland, CPC): Thank you.

My first question is to Ms. McGuffin.

You had mentioned that Canada is behind in regard to certain standards and in regard to our international counterparts. Could you tell us what standards you think we should be following and which regimes in other countries we should be looking to for inspiration?

Ms. Margaret McGuffin: When I was making that comment, I was specifically talking about term extension, extending the term to life of the author plus 70. It's currently at life plus 50. All our major trading partners have that, with the exception of Japan, and it's moving in that direction.

Mr. Dane Lloyd: Do both Europe and the United States have that?

Ms. Margaret McGuffin: Yes. We're one of the few in the world. It's not just our major trading partners.

Mr. Dane Lloyd: My next question is for Mr. Willaert.

You were talking about radios and the royalty exemption for radio stations. How do you think it could be better done? Obviously, we have these large radio conglomerates and they're using all of these exemptions for each individual radio station. How do you think it could be better done, where we could ensure that creators get the royalties they deserve, but at the same time not discriminate against local radio stations?

Mr. Alan Willaert: As I stated earlier, it would be just by looking at the size of the station and the revenue it generates on advertising. The smaller ones that make less than $1.25 million could be exempt. College radio could be exempt from that. The others that have been making a sufficient amount of money should be paying full freight on it.

● (1640)

Mr. Dane Lloyd: It's not really a full exemption, if I'm correct. There's a small number, so you pay a small number, and then after $1.25 million, you pay a bigger number. Is that correct?

Mr. Alan Willaert: That's right.

Mr. Dane Lloyd: Could just raising that initial number be another solution that you'd recommend?

Mr. Alan Willaert: I haven't done the math. I couldn't tell you that.

Mr. Dane Lloyd: Would you care to comment on that, Ms. McGuffin?

Ms. Margaret McGuffin: It's not in my area. It used to be. I could tell you that I was there when we were discussing this, and it was always meant to allow the small, private mom-and-pop ones to have the exception. What happened was that the large groups applied it to each station, so the amount was much greater than what was anticipated when we were first proposing this.

Mr. Dane Lloyd: Now is that the result of a loophole in the law, or has there been an actual decision that has come down that says that these big companies are allowed to use this as well?

Ms. Margaret McGuffin: No, it's the way that the act is drafted, and it applies to each individual station.

Mr. Dane Lloyd: There's no wording about big guys. It's basically just a loophole, or an opening, left in the law.

Ms. Margaret McGuffin: Yes. It is not what we anticipated when we were looking at the legislation at the time.

Mr. Dane Lloyd: In terms of creation, we have Amazon Prime, Netflix, and CraveTV. I'm sure we have others. There doesn't really seem to be a Canadian-related streaming company. How does that impact Canadian music producers in your area?

Ms. Margaret McGuffin: Discoverability is a huge problem across the music streaming platforms and the audiovisual platforms. It's also a language issue in terms of being able to discover francophone content. I speak to my colleagues in Quebec about this all the time. We are very happy to hear the announcement today about the review of the Telecommunications Act and the Broadcasting Act. It is going to be a very interesting accompanying review to the one you're doing here because it looks at all types of issues around funding for the creative industries and small businesses, as well as at discoverability of both French language content and Canadian content. We're really excited about that.

Mr. Dane Lloyd: I was looking at some of the charts that were provided by our library researchers. The revenue from physical has just dropped precipitously, but we have streaming coming up and picking up some of that slack. Do you see streaming growing in importance and taking up a lot of the slack from the physical, or do you see it kind of plateauing at this point?

Ms. Margaret McGuffin: It's continuing to grow very quickly, and there are new players. Amazon launched its core service more recently, so there are new players coming into the market. It's good for all of us when there are companies that want to come in to the Canadian market, and when subscribers want to pay for that content.

Mr. Dane Lloyd: Do you think that there's enough competition in that market, or is it just too dominated by a few players?

Ms. Margaret McGuffin: I don't really have a comment on that.

Mr. Dane Lloyd: Okay.

How much time do I have?

The Chair: Twenty seconds.

Mr. Dane Lloyd: Good.

The Chair: "Good" as in move on...?

Mr. Dane Lloyd: I could talk about myself, I guess, but I'll spare the committee.

Voices: Oh, oh!

The Chair: Thank you very much.

We're going to move to Mr. Sheehan.

You have five minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much.

Thanks to our presenters. This is a really important topic: how we support our cultural economy and those who are working hard in it.

Years ago when I was on city council, I spearheaded an initiative for Sault Ste. Marie to have the Canadian Music Hall of Fame. A lot of people considered that to be a long shot, but we put forward a really good bid and we made it to the finals. I remember being interviewed by one of the major news organizations, and I didn't know that I was being pitted against someone else who was on the line at the time. They asked why the Canadian Music Hall of Fame should be in Sault Ste. Marie instead of Winnipeg, and they named the various artists from there, and from the Toronto and Montreal music scenes. I said that it's easy to argue that music was being made in Sault Ste. Marie before Winnipeg, Toronto, and Montreal.

This is part of our question that we're asking about the indigenous copyright and how we protect the indigenous culture and the performers who are in it. For thousands of years in Sault Ste. Marie, people came to do powwows because of the whitefish in the St. Marys River. They came from all over Canada, and naturally, when they were there, they traded, but then they started doing powwows and having dancing and music.

In your opinion, what is it that we need to do to protect and promote indigenous musicians?

● (1645)

Ms. Margaret McGuffin: I think you should be asking those communities, because they're very clear on what they need.

Mr. Terry Sheehan: That's a fair statement. We've heard that.

Does anybody else want to chip in?

Alan, I want to ask about your membership. In 2012, what was your membership and what is your membership now?

Mr. Alan Willaert: It's slightly lower, but in Canada we've stayed approximately around 17,000 over the last several years.

Mr. Terry Sheehan: That's what I'm interested in, your membership.

To the rest of you, what is your membership between 2012 and now?

[*Translation*]

Mr. Éric Lefebvre: Our members are included in the American Federation of Musicians. There are 3,000 of us, but we are part of its 17,000 members.

[*English*]

Mr. Terry Sheehan: Are you about the same too?

Ms. Margaret McGuffin: We have about 50 members, but the really interesting thing is that there's been some new Canadian independent companies that have emerged over the last 12 years, and we're very excited about that, despite all this disruption.

Mr. Terry Sheehan: So you've grown. Do you know what your numbers were in 2012?

Ms. Margaret McGuffin: The revenues for our members with Canadian offices have grown by $120 million from $80 million in that period, mostly, as I said, looking at the export market.

Mr. Terry Sheehan: I know YouTube has been mentioned. I think of Justin Bieber. Justin Bieber used it as a tool to get noticed and was very successful. However, we know that's happening for new artists. They're looking at these platforms that are out there to get noticed. Sometimes when they get famous, they have a concern that those same platforms are infringing on their copyright. I know Justin Bieber gave permission to get out there, but you take a look at some of these devices that are there now and they can record an entire performance easily disguised and held. Back in the day, when we were younger, you had to take a big camera in to try to do that—not that I would suggest anyone did it.

How are the various revenue streams that the new artists in particular...? What are they looking at for revenue steams and how to make money?

Mr. Alan Willaert: As we said earlier, it's changed now from selling CDs with a label and having a portion of that and the true revenue to now hoping that they do get noticed, hoping that they do get a few million hits on YouTube, and hoping that they are streamed a lot and they can go on tour and sell T-shirts. For live bands like that, it has really gotten tough.

Mr. Terry Sheehan: Is that for the small, new person and also the large, big-name Canadian name as well? Is there a difference? Does Spotify serve one better than the other?

Mr. Alan Willaert: There is a huge difference in terms of the venues. If you're a major act, and you're touring Air Canada Centre or the Bell Centre, that's a whole different level—

Mr. Terry Sheehan: I'm talking about Spotify in particular. Does it serve the large "made it" performer more than someone in the middle?

Mr. Alan Willaert: I really don't have numbers on that. It's probably hit and miss as much as anything.

Mr. Terry Sheehan: If you do get those numbers, you could send them in. I think that would be helpful as well.

The Chair: You can send them to the clerk if you do come across those numbers.

Thank you very much.

[*Translation*]

Ms. Sansoucy, you have two minutes.

Ms. Brigitte Sansoucy: I'm glad.

I would like to ask a question that I was not able to ask earlier.

Mr. Lefebvre, I must confess that you lost me with regard to one of the recommendations you made. You were referring to a specific section of the act. I was listening carefully, but I must confess that I would need more explanations to fully understand the recommendation you made.

Mr. Éric Lefebvre: Actually, that is the way exceptions are drafted in the Copyright Act. When you want to create an exception, you must say that such and such an action "does not infringe copyright".

Section 31.1, dealing with Internet service providers, states that they do "not infringe copyright".

If you want, I can read the provision.

● (1650)

Ms. Brigitte Sansoucy: That won't be necessary. You can just explain it to us.

Mr. Éric Lefebvre: Basically, the exception states that it is not an infringement of copyright for an Internet service provider to communicate content protected by the Copyright Act.

In fact, the act gives certain exclusive rights to the author. Reproducing or communicating a protected work to the public could result in copyright infringement by the service provider. So an exception was created to ensure that the Internet service provider never infringes copyright. This exception applies even if—and this is a statistic I found interesting and that you will allow me to disclose, because I think you are aware of it—32% of Internet users have downloaded, read or consulted at least one music file that included illegal content. This figure comes from a survey conducted in November 2017 on online consumption of copyrighted content. This means that, on the Internet, at least 32% of Internet users have, at least once in the three months preceding the survey, read, consulted or downloaded an illegal file.

I cannot believe that Internet service providers are not aware of that. You therefore understand that the exception in section 31.1 makes sense when looking at those data, since it seems to prevent Internet service providers from being held liable under the Copyright Act. If that exception did not exist, it would be very possible, or at least possible—I must be careful—that an Internet service provider could be convicted of infringement of copyright.

The Chair: Thank you very much.

[*English*]

Thus ends the first round. We're going to move to the second round.

Before we do, the chair has a question for Ms. McGuffin.

You mentioned in your speech that in Canada in 1998 music sales peaked at $998 million. In 2014 that figure reached a record low of $397 million and then rose to $494 million in 2016.

Would you be able to submit to us the source of that? Also, what about 1999 and the rest?

Ms. Margaret McGuffin: The source of that was Music Canada's "The Value Gap" report.

The Chair: "The Value Gap" report...?

Mr. Lloyd Longfield: I got a copy.

The Chair: Thank you very much. Somebody sent it to the clerk.

We're going to move to Mr. Baylis.

You have seven minutes.

Mr. Frank Baylis: Thank you, Mr. Chair.

Ms. McGuffin, you brought up safe harbour exemptions. I'd like you to elaborate on how you see their impact.

Ms. Margaret McGuffin: The impact is on the ability of copyright holders to enforce their rights when the ISP only has to notify that there be a notice and notice. They're told, no, that's bad, but it doesn't actually act as a deterrent. This means there can be no ability to bring the services that are using the ISP's pipes to the table to negotiate, or if they're infringing content, no way to actually stop them from infringing content.

We want the paid streaming services to come to Canada. We want consumers to have access to those services, and we want them to pay. That's good for our members when that happens. If there is a player who isn't playing by the same rules as those services, we want the ability to take legal action against them when it's necessary.

Mr. Frank Baylis: Is that the notice and take down?

Ms. Margaret McGuffin: Yes.

Mr. Frank Baylis: But you said you didn't like that. That's what I'm trying to understand.

Ms. Margaret McGuffin: We would like remedies that are stronger than that.

Mr. Frank Baylis: Right now you have just notice and notice. Notice and take down is stronger, but you say it's not good enough.

What would you say is the next step, then?

Ms. Margaret McGuffin: It's not only the notice and take down. It's also the remedies that allow you to enforce your rights that go hand in hand with the provision, and we'll have more details of that in our submission.

● (1655)

Mr. Frank Baylis: Go ahead, Mr. Willaert.

Mr. Alan Willaert: Just to add to this, in a perfect world, we have the technology now: the algorithms that we can apply and track where music is being used anywhere in the world. The idea would be to utilize that technology and monetize people who are using that content.

Mr. Frank Baylis: Can you explain to me that technology as you see it? You have technology. What exactly are you talking about?

Mr. Alan Willaert: For instance, have you ever heard of the application Shazam?

Mr. Frank Baylis: Yes.

Mr. Alan Willaert: You can turn it on and it recognizes a song. It utilizes algorithms. It remembers patterns so that it can tell you exactly what that song was. There is the ability to track that music, that content being used anywhere.

Mr. Frank Baylis: You are saying there is technology that could track every download that an ISP—everything that's flowing through an ISP—to filter it before it flows down. Is that what you're saying?

Mr. Alan Willaert: That's what I was told when I was at a WIPO meeting in Geneva.

Mr. Frank Baylis: Who told you this?

Mr. Alan Willaert: This was an open forum at a WIPO conference about a year and a half ago, and they were talking about this technology along with blockchain and digital—

Mr. Frank Baylis: If you have something specific along those lines, I don't know what it is, but if you have something specific you can obviously send it to the clerk. Let's get back to the aspects of Canadian copyright law.

You're not happy with safe harbour and you're not happy with notice and notice.

Mr. Willaert, you say you'd like notice and take down.

Ms. McGuffin, you say you would like something more than notice and take down.

Ms. Margaret McGuffin: We want the ISPs to take responsibility for what's flowing through their pipes.

Mr. Frank Baylis: Let's say they're taking responsibility so they're going to take it down, but then you said it's a whack-a-mole game so—

Ms. Margaret McGuffin: We want remedies so that we could take legal action against any infringing use.

Mr. Frank Baylis: What are those remedies?

Ms. Margaret McGuffin: They are statutory damages and there is the—

Mr. Frank Baylis: Do you want statutory damages against the site, or against the ISP provider?

Ms. Margaret McGuffin: That's against the site but with the ISP as part of the liability.

Mr. Frank Baylis: Yes, but let's say I'm an ISP provider and I really want to play along because I have to deal with people. I want to play along and I have the same issue you have, whack-a-mole. You give me a notice, I take him down, and he shows up somewhere else. Then you give me a notice and I take him down. Do you want to sue me, the ISP? Do you want me to give you monetary damages?

Ms. Margaret McGuffin: We want you to take responsibility when you know that activity is happening on your services.

Mr. Frank Baylis: That is the take down.

Ms. Margaret McGuffin: There is also an ability.... Some of these services are actually active in putting the music up there and are encouraging users to put the music up there, and we want them to take responsibility.

Mr. Frank Baylis: We'll put it aside then. I'd like to understand something totally different.

Mr. Willaert, you talked about sound recordings specifically as a tie-in to TV programs and movies. Could you contrast what the Canadian law is versus the U.S. law?

Mr. Alan Willaert: Yes. The U.S. has ratified the Beijing treaty, so that music that is synced to television or movies has a royalty or tariff attached to it.

Mr. Frank Baylis: If that music is being used on a TV show or on a movie....

Mr. Alan Willaert: Right, and since Canada has not ratified the Beijing treaty there is no protection for audiovisual content.

Mr. Frank Baylis: You would like us to ratify the Beijing treaty, which would in turn provide the protection for that audiovisual content as it ties in to music, right?

Mr. Alan Willaert: That's correct, yes.

[*Translation*]

Mr. Frank Baylis: Mr. Lefbvre, do you have anything to add to that?

Mr. Éric Lefebvre: Yes. The Beijing Treaty is very important because it creates rights, much like the 1996 WIPO Treaty for sound recordings. The Beijing Treaty also covers audiovisual productions.

The fact that Canada has not ratified this treaty does actually mean that we are sort of lagging behind.

Mr. Frank Baylis: Have we signed it anyway? We always sign treaties, even if we do not always ratify them.

Mr. Éric Lefebvre: I am not aware of the latest news, but I understand that, unlike the negotiation of the WIPO Treaty, Canada did not actively participate in the negotiation of the Beijing Treaty, which I think Mr. Willaert could perhaps confirm since he attended the discussions that took place in Beijing.

Mr. Frank Baylis: Basically, we haven't ratified it, and you'd like us to do that.

Mr. Éric Lefebvre: Ultimately, performers must have rights equivalent to those currently in place for sound recordings, but those rights must also apply to audiovisual productions.

[*English*]

Mr. Frank Baylis: Thank you, Chair.

● (1700)

[*Translation*]

The Chair: Ms. Sansoucy, you have seven minutes.

Ms. Brigitte Sansoucy: Thank you very much.

Just now, the chair pointed out that this was my first time on this committee. So I will dive right in. Earlier, my colleague was talking about basic issues to help us understand a sector in which you are experts.

So I would like to know whether copyright owners have different interests based on their style of music. For example, are there differences between the interests of a performer or producer of classical music and those of artists or producers of popular music? If so, is that something we should consider? How does it work? Regardless of the productions or performances, is it the same from one style to another?

The answer may be obvious to you, but it's not obvious to us.

Mr. Éric Lefebvre: Clearly, there are slightly different structures. Take classical music and a symphony orchestra, for example. There are 100 musicians led by a conductor, perhaps in addition to a guest soloist, such as a violinist, who will play a concerto accompanied by the orchestra. A phonogram, a sound recording, will be produced.

Let's take a second example, that of Céline Dion and her five musicians—she might have more, but I'm giving an example—who also record a phonogram. Of course we are talking about popular music here.

Is there a difference between the two? The soloist will probably sign a contract with a producer, as will the pop star. Musicians are bound by similar agreements. The difference is that classical music involves a larger number of musicians, because they usually belong to ensembles. Since there are more musicians, the royalties they will receive may be lower than those paid to an ensemble of only five musicians.

In addition to those differences, performers can find themselves in quite diverse situations. I know a musician who can play one day with the symphony orchestra, can do jazz the next day and accompany a popular artist the day after that. The same musician will therefore play with a number of artists of different styles.

Contractual practices may differ from one sector to another. In classical music, collective agreements generally govern the working conditions between an orchestra and a producer. Popular music deals with individual contracts to manage the relations between a producer and an artist.

In terms of the Copyright Act, I wouldn't be able to tell you whether there are big differences depending on the style of music.

Ms. Brigitte Sansoucy: Let me go back to something you said earlier. We have talked a lot about streaming services, and you said that 30% of those services were illegal.

Mr. Éric Lefebvre: What I said is that, according to the survey, 30% of Internet users, at least once in the three months before the survey—

Ms. Brigitte Sansoucy: So, 30% of Internet users. Okay.

Mr. Éric Lefebvre: That's still millions of tracks listened to or downloaded that include illegal content.

Ms. Brigitte Sansoucy: I must admit that, as a mother of young adults, I check if they have downloaded illegal content. You know, it's such a part of their world that it seems they're not worried about it.

I also read that the royalties paid by streaming services—you may have brought this up earlier—amount to 10.2 cents per thousand plays for performers and producers. That's not much.

Mr. Éric Lefebvre: I don't know the exact amount, but what you're saying is very plausible.

Ms. Brigitte Sansoucy: It's from *La Presse*.

It's really very little. I am trying to understand how our study of the Copyright Act will provide the government with the means to intervene in this situation, given that the recording industry is significantly less than it once was.

I have been listening to you from the outset, and, if I understand correctly, the music world is really facing a new reality.

Mr. Éric Lefebvre: Ms. McGuffin mentioned a little earlier that the Copyright Board of Canada is currently holding hearings on online music tariffs, precisely in order to determine the value of the rights on performers' work, and, especially, the amounts that writers and producers will be able to receive from music streaming. From what I gathered, these amounts are currently far too low.

● (1705)

Ms. Brigitte Sansoucy: Ms. McGuffin, do you want to add something?

[*English*]

Ms. Margaret McGuffin: For our part, we have felt over the last few years that if we had a Copyright Board with the correct processes that was delivering decisions in a timely manner for the music publishers' and the songwriters' side of this, that would make a big difference, because things such as minima and how to properly structure a tariff shouldn't be put into the act but should be put in front of a panel, with a Copyright Board that's functioning properly.

[*Translation*]

Ms. Brigitte Sansoucy: Okay.

If I understand correctly, we have a role to play with the mandate and the role of the board, but, as I told you, it is a world I'm less familiar with.

For the benefit of our committee, can you please explain a bit how all of this works? I'm having a hard time understanding the role of the federal government, especially when you say that we won't be able to change the situation by simply amending the legislation.

[*English*]

Ms. Margaret McGuffin: The mandate of the board is presented in the Copyright Act.

[*Translation*]

Ms. Brigitte Sansoucy: Okay, thank you.

[*English*]

Ms. Margaret McGuffin: There was a process last September through which 60 different people who go in front of the Copyright Board came up with different ways of making the Copyright Board more efficient. We put in a submission there, and a number of people you are going to hear from in the next few weeks did as well.

We talked about such things as giving timelines for the board to render their decisions, providing them with case management tools, etc. Some of these are things that will be done by the board itself, and out of that process you're going to get recommendations from each of us on things should be changed in the Copyright Act respecting the mandate of the board.

The Chair: We're going to go to Mr. Jowhari.

You have seven minutes, please.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

I'll start with Ms. McGuffin.

You mentioned in your testimony that you support the extension of copyright for music work from life plus 50 to life plus 70 years. Can you explain to me how that extension would help the musicians and the singers today?

Ms. Margaret McGuffin: I'd be pleased to talk about that. Just to be very clear, we're talking about songwriters and not musicians when we talk about that term extension.

My members invest in emerging songwriters. They find them, they provide them with studio space, and they provide them with the ability to travel and co-write with songwriters around the world. A songwriter who chooses to go into a publishing deal is then entering into a relationship with an individual or a company that's helping to further their career.

Our companies can't make those decisions about such investments unless they have a strong revenue stream. As I explained, of our mid-sized companies, the strongest one is going to be the one that owns and administers foreign catalogues and Canadian catalogues and that has older works that are tried and true and that you can basically go to the bank with because you can predict the revenue flow for the next 10 years. Knowing what your revenue flow is going to be for the next 10 years can attract investors. This then allows you to sign that individual songwriter from Stratford, Ontario, and invest in their career.

Mr. Majid Jowhari: What you're saying is that the longer-term stream of revenue will give you security and will allow you to take risks to support not the musicians but the songwriters. Otherwise, not having that stream doesn't give you that security, and therefore, your risk tolerance for helping the smaller songwriters is lower.

Ms. Margaret McGuffin: Canadians companies have 20 years less. They may have a heavy investment in their portfolio of Canadian songwriters, so they have a shorter term to recoup their investments. Older songs, like those of Cole Porter, that have gone into the public domain, are still valuable.

Mr. Majid Jowhari: I know. I listen to 97.3 FM all the time. That's the music from my era.

How would this extension by 20 years help our industry abroad?

● (1710)

Ms. Margaret McGuffin: It allows us to continue what we've been doing for the last 12 years: investing in songwriters and taking those songwriters around the world.

My chairman, who is a songwriter, never appears on stage and can't play an instrument, but he is a phenomenally internationally well-known songwriter and lyricist, Vince Degiorgio. He is the guy who, in his old A and R days, signed NSYNC. He learned the music business and then became a full-time lyricist.

Two weeks ago he was in the Netherlands writing with their top act, Caro Emerald. When he wrote her album three years ago, her first album, it was number one on the Netherlands chart and beat out Michael Jackson's "Thriller". He now is signing songwriters as a publisher in Canada. He is able to do that because he knows what the revenue flow is going to be from his portfolio of songs. He then is taking on those songwriters to have the same international career he has had.

As an organization, we're also focusing on helping our small businesses do that. We'll be going to Germany in the third week in September and to Denmark in the fourth week of September to meet labels and film and television producers and have a group of songwriters write with songwriters from the Nordic countries.

As soon as you have songs being marketed in three or four different territories, you're going to have a greater chance of success. The foreign market is key to allowing small businesses to survive. The Canadian market is too small. We have to look globally.

Mr. Majid Jowhari: Let's go on the fact that you're saying the Canadian market is too small. What's the size of the music industry within Canada, and who are, let's say, the top earners or the top money-makers within that ecosystem, which consists of the songwriters, producers, directors, choreographers, and conductors?

I have some data around international, but I really want to get a sense of how big Canada is.

Any of you could answer that question

Ms. Margaret McGuffin: I can speak about the performers and songwriters. Looking at all the songwriter and composer data for Canadian companies, and for money flowing through SOCAN and the other collectives, we estimated that it's about $700 million on the songwriters' side for Canadian participants.

Mr. Majid Jowhari: How much is the music industry? Which songwriters are about $700 million of that?

Ms. Margaret McGuffin: It would be over $1 billion.

Mr. Majid Jowhari: Okay.

Of that $1 billion, where is most of the revenue generated? What are the top two revenue generators, streams of revenue coming in?

Ms. Margaret McGuffin: For our members, over 50% is coming from performance. Then, about 35% is coming from mechanical; that's the copies that are being made by these services. The growth area for our members is called synchronization, where they're looking to put a song into a commercial or a movie or a television.

Mr. Majid Jowhari: I have less than 30 seconds, and I want to go Mr. Willaert.

You were talking about Canadian musicians, and I think the singers are the only ones whose revenues have gone down, as opposed to everyone else in the ecosystem.

Can you give us a sense of the key driver of that?

Ms. Margaret McGuffin: Just to clarify, everybody's revenue has gone down.

Mr. Alan Willaert: I would say that the key driver is the sales, again. It's the fact that a whole ecosystem was built around recording and sales of the product, and that disappeared within a 10-year frame. A new model has taken over, which is the Internet.

Mr. Majid Jowhari: We still do the sales on recording. Something else has driven down the revenues.

Mr. Alan Willaert: The revenue for the musicians has gone down because they're not getting a piece of the pie any longer from their music.

Mr. Majid Jowhari: I'm over my time, but if I get a chance, I'd like to come back to this.

Mr. Alan Willaert: As I said, the industry itself is flourishing, with $52 billion in the arts and culture industry in Canada. It's just that none of it is getting into the pockets of the musicians.

The Chair: Thank you.

We're going to move to Mr. Sheehan.

You have five minutes.

● (1715)

Mr. Terry Sheehan: Thank you, Mr. Chair.

Going back to where I live, right on the border, Sault Ste. Marie, we have sometimes composites of musicians who get together. There could be Americans coming on our side joining a band making music, or Canadians going over to the United States, and mixtures therein. Then we also have the proverbial musician who goes to America—Nashville or wherever else—to make it big.

By living in that border situation, we've had different things enacted in CRTC, for instance, to promote Canadian content and Canadian musicians. I've always seen the real need for it because I have always been barraged with American content from back in the day when there was an analog signal that would come across the border, or their radio, their music coming forward. I know there's some stuff that's under heed to be reviewed with the CRTC.

I'm getting to the question, but I also want to talk about CBC. The CBC, the Canadian Broadcasting Corporation, has played a significant role in promoting Canadian artists. They have contests every now and then. We have people from the Soo and all across Canada going into those contests. A lot of times the winner gets a crack at a Canadian label. They promote things that way.

I do see that whole barrage of American music coming our way, and we have Canadians who do quite well. Your membership still saying the same, I think, is a testament to the Canadian musician who continues to go at it.

One of the things I want to know is how we can promote particularly Canadian music. I know we're looking at the copyright. We've talked about some of the revenue streams, the concerts. Just in the Soo we're seeing larger and larger performers who I would never imagine would play there, like Elton John. I know he's American, but yes, he went to the Soo. I think that goes to your remarks that more performers are going out there.

What other devices are there as well? We know we've talked about Spotify. We've talked about the other musical devices that are out there. How is it that a Canadian musician can be promoted and make money right now with the current copyright system? Then, of course, you have made the comments on some of the changes.

One of the things we were talking about extensively over the last long time was fair dealings and how music is being used in our educational sector, so that's in my mind too. We know music is being played in a school for related events and whatnot, so some comments on fair dealing use as well....

I know it's a very broad, sweeping question, but those are some of my concerns. This is our first meeting, and this is some of the stuff I'm trying to arrive at.

Ms. Margaret McGuffin: I think there is some interesting information on this in the report that was released earlier this week and the announcement about the review of the broadcasting and telecommunication acts. There was put forward the need for a discussion about Canadian content and French language content, and the requirements that really created a star system in this country that are now only put in place on traditional broadcasters. The new digital services don't have those responsibilities and they also don't have the responsibility to actually invest and put money into funds that allow musicians to access funds.

We have FACTOR and Musicaction in this country. Their revenues from private radio are declining. That's going to impact those musicians because they are not going to be able to get as much funding if we don't look for new ways to provide funding to those organizations.

Mr. Terry Sheehan: That's very interesting. Are there any other comments on that one?

What about the fair dealings, though, in the school? There was quite a large amount of testimony regarding that from the authors. Is there any concern about musicians, not only in the school but in educational training outfits? You will have someone come in. It could be a private business. They have their presentation, and a lot of times they use music just to back it up. Music is very powerful in making presentations.

Are there any comments on that with fair dealing?

Ms. Margaret McGuffin: I have to disclose that I worked for Access Copyright for 10 years as a consultant and as an employee.

● (1720)

Mr. Terry Sheehan: Go ahead, though, please.

Ms. Margaret McGuffin: I am not working for them now.

However, as a parent, every week I pay to send my kids to OFSAA for field hockey, to the Science Centre, to have additional things that they need in school. I would expect that when a school is looking at paying their teachers, and paying their hydro, paying for repairs to the school, they would also think about compensating creators and the businesses that support those creators for good materials. There are great teachers, but the consistency of learning is so much better when you have great Canadian-made books going into our schools and learning resources, so that my kids are not just reading American resources.

Mr. Terry Sheehan: And music, too, by extension.

The Chair: Thank you very much.

Now, for the final, final question, we are going to go to Mr. Longfield.

Mr. Lloyd Longfield: I'm going to share part of my question with Mr. Jowhari, if that's possible.

I'm looking at "The Value Gap" report that you've been referencing. According to IFPI, which is another organization that we need to explore to see how Canada relates with IFPI....

Ms. Margaret McGuffin: Music Canada is.

Mr. Lloyd Longfield: It wasn't listed on their website, but the their global music report says that the value gap is the biggest threat to the future sustainability of the music industry. Then they qualify that, and say, "Inconsistent applications of online liability laws have emboldened certain [services] to claim that they are not liable for the music they make available to the public."

We've had previous testimony about enforcement being one of the big issues and whether the act is strong enough in terms of enforcement.

Is that a fair interpretation?

Ms. Margaret McGuffin: That is one consideration.

Then, to Mr. Baylis's point—I've been reading additionally while I've been here—if we're not able to have the services come to the table and negotiate, we need to look at the ISPs that are profiting over these services and to actually licence them.

Mr. Lloyd Longfield: Thank you.

The commercial radio station profits from 1995 were $3.6 million according to this report. In 2016, they were $437.5 million. There is value in the value chain. It just isn't getting down. That has been repeated a few times today.

Miranda Mulholland is quoted in this report as saying that she played on almost every episode of the CBC's *Republic of Doyle*, and it's syndicated worldwide. She received a one-time union rate of about $280, while the composer collects residuals every time the show airs in 44 countries around the world.

Is there a global standard that we need to look at, or is there a global standard that we're not in sync with?

Ms. Margaret McGuffin: There are some countries that are providing for that payment to the musicians. Within Canada, we have a double standard. Composers get paid through SOCAN on an ongoing basis, yet the musicians who play the works of those composers don't get paid on an ongoing basis.

Mr. Lloyd Longfield: The quote says "44 countries around the world". You gave France and Australia as being among them, and we're an outlier.

Ms. Margaret McGuffin: There's a difference between being a composer versus a musician in Canada. Plus, in those other territories—

Mr. Lloyd Longfield: I understand.

She has to play live in order to get compensated. Once it's recorded and it's being used, she has no compensation.

Ms. Margaret McGuffin: And not everyone can tour. At certain points in your career, you can't be touring if you have a family and you need to be turning to the next part of your life. You need to recreate yourself, and touring may not be the thing you can do.

Mr. Lloyd Longfield: Thank you. This has been helpful.

I'll pass it over to Mr. Jowhari.

Mr. Majid Jowhari: Thank you.

In my prep work for the committee, we ran into a concept or notion called mash-up.

Have you heard about that? Can you quickly expand on it and say what the impact of that is on the industry, specifically the musicians?

I would love to hear from all of you.

[*Translation*]

Mr. Éric Lefebvre: Are you talking about including a number of musical pieces and radio mash-ups?

Mr. Majid Jowhari: Yes.

Mr. Éric Lefebvre: If I remember correctly, the problem posed by this involves remuneration, which is possibly less for all the rights holders. However, we haven't done any very detailed studies that would allow us to address this issue today.

● (1725)

[*English*]

Mr. Majid Jowhari: Mr. Willaert.

Mr. Alan Willaert: Certainly when you have mash-up situations, there are multiple licences that should be paid for those particular uses. Oftentimes when you have mash-ups happen, especially from the public, they're not considering that there's intellectual property involved, that there's a rights holder who has to be asked for permission to use that, and a licence fee to be paid.

Mr. Majid Jowhari: A lot of radio stations with revenues of less than $1.5 million are doing a lot of mash-ups with less-than-30 seconds bits and pieces from each. How are they being exempted from paying these producers, songwriters, or musicians?

Ms. Margaret McGuffin: My understanding is that, when they're paying their neighbouring rights, the secret in getting paid is making sure that they're providing the metadata and the titles for each one of those titles. Then there will be payments

Mr. Majid Jowhari: Okay.

Ms. Margaret McGuffin: It's all coming down to good metadata.

Mr. Majid Jowhari: Okay. Thank you.

The Chair: On that note, I would like to thank our witnesses for coming in today and sharing your multitude of information.

Before we break, I just want to talk to our committee. Next week, on the 11th and the 12th, we have the Canada-Ukraine Parliamentary Friendship Group. They're hosting the first vice-speaker of Parliament. We can't meet them on that date, so if we organized a breakfast or something, would there be people from the committee interested in attending?

Mr. Terry Sheehan: I don't know. I don't have my schedule. If there are perogies, probably.

The Chair: Perogies. Okay, I'll see if we can do something on a Monday morning. Thank you.

On that note, once again, thank you very much. Have a great day.

We are adjourned.

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